

Garbage Rate Adjustment FY2019-20

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MARCH 12, 2019



OBJECTIVE

- Receive an overview of Recology's rate application for FY2019-20 and describe the review process
- Adopt Resolution Initiating Property Owner Notice and Protest Process following Proposition 218 for FY2019-20 Garbage Rate Increase Proposed by Recology San Bruno



AGENDA

1. Franchise agreement with Recology San Bruno
2. Rate adjustment for FY2019-20
3. Residential and commercial totter rate change summary
4. San Mateo County – city disposal rate comparison
5. Application review process
6. Protest period and timeline to implement new rates
7. Public Notice
8. Questions



FRANCHISE AGREEMENT RECOLOGY SAN BRUNO



- Franchise agreement between the City of San Bruno and Recology
- Effective July 1, 1998 and expires June 30, 2024
- Solid waste collection services
- Billing, record keeping, billing fees, etc.
- FY2019-20 rate adjustment based on detailed rate year analysis
 - Every 3 years
- Interim rate year reviews based on CPI



RECOLOGY PROPOSED RATE ADJUSTMENT FOR FY2019-20

- Garbage service rate requested increase of **5.34%**
- New rate to take effect on July 1, 2019 if approved by City Council
- Rate change factors:
 - Effects of National Sword Campaign by China regarding contaminated waste (revenue loss and processing costs)
 - Recology's operating cost increases.





RECOLOGY PROPOSED RESIDENTIAL AND COMMERCIAL GARBAGE TOTER RATE CHANGE SUMMARY

Toter Type	Current Rate	Proposed Rate 7/1/19	Increase
Residential			
32-gallon toter	\$30.09	\$31.70	\$1.61
64-gallon toter	\$60.18	\$63.39	\$3.21
96-gallon toter	\$90.27	\$95.09	\$4.82
Commercial			
64-gallon toter, 1 per week	\$76.46	\$80.54	\$4.08
1-yard container, 1 per week	\$160.50	\$169.07	\$8.57



SAN MATEO COUNTY CITY DISPOSAL RATE COMPARISON

	City	Rate
1	Atherton	\$50.00
2	Hillsborough	\$49.61
3	Pacifica	\$37.06
4	Half Moon Bay	\$36.99
5	Belmont	\$36.47
6	San Carlos	\$35.23
7	Millbrae	\$34.93
8	South San Francisco	\$33.52
9	Brisbane	\$33.12

	City	Rate
10	San Bruno (proposed)	\$31.70
11	Montara	\$31.07
12	San Bruno (current)	\$30.09
13	Menlo Park	\$28.60
14	Daly City	\$28.11
15	Colma	\$24.49
16	Burlingame	\$25.28
17	El Granda	\$23.93
18	Foster City	\$23.64
19	San Mateo	\$23.36



APPLICATION REVIEW PROCESS

- Compliance with franchise agreement
 - Adjustment factors
- Compare expenditure line items to financial statements
- Review application methodology and calculations for accuracy and completeness
- Independent review
 - Review rate application and supporting documentation
 - Review Recology's financial statements
 - Review non-allowable costs
 - Review cost forecast, recyclables revenues and costs and pass through costs
- Ad-hoc garbage rate committee review



PROTEST PERIOD AND DRAFT TIMELINE TO IMPLEMENT NEW RATES

Date	Item
March 12, 2019	City Council directs staff to provide 45-day notice to property owners.
March 26, 2019	Notices mailed / start 45-day period.
May 14, 2019	City Council holds public hearing, considers any protests, take action to introduce new rate ordinances for first reading, and the 45-day protest period ends.
May 28, 2019	City Council conducts second reading and takes action to adopt new rates by ordinance.
July 1, 2019	New FY2019-20 rates become effective.



PUBLIC NOTICE

NOTICE OF PROPOSED RATE INCREASES TO Recology San Bruno's Garbage and Recycling Rates



The San Bruno City Council is considering Recology San Bruno's request for an increase to garbage and recycling service monthly charges. Property owners and Recology customers are being notified of this proposed rate increase. A public hearing will be held by the City Council on May 14, 2019 to hear protests on the proposed rate increase. Written protests related to the proposed new rates may be submitted no later than the conclusion of the public hearing.

Recology has requested the rate adjustment in accordance with its Franchise Agreement with the City to be effective July 1, 2019. The net calculation for FY2019-20 is a 5.34% increase, with 3.4% being due to major changes in the international recycling marketplace and the remaining 1.94% being due to normal changes to operating costs.

For more information about the proposed garbage rate increases, the City Council Staff Report authorizing the distribution of this notice and the Prop 218 notification process, please call (650) 616-7086 or visit and click on "Proposed Garbage Rate Increase" at https://www.sanbruno.ca.gov/gov/city_departments/finance/default.htm

- Public hearing schedule
- Protest period
- Approval process
- Rate adjustment
- Proposed increases for garbage, recycling and organics container types



REQUEST TO CITY COUNCIL

- Adopt Resolution Initiating Property Owner Notice and Protest Process as Required by Proposition 218 for FY2019-20 Garbage Rate Increase Proposed by Recology San Bruno



Questions

